

CITY OF GAINESVILLE FY2011 & 2012 PROPOSED BUDGET HIGHLIGHTS

This budget reflects the vision for the City of Gainesville, which is to set the standard for excellence for a top-ten mid-sized American city; recognized nationally as an innovative provider of high quality, cost effective services.

Gainesville’s General Fund baseline budget totals \$105,002,266 for FY11 and \$108,055,656 for FY12.

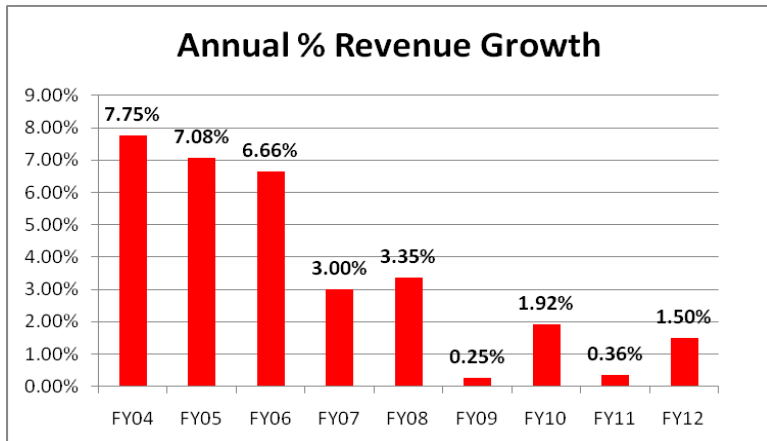
The City is facing General Fund budget deficits of \$6.7M in FY11 and \$8.3M in FY12 despite four years (FY07-FY10) of multi-million dollar fiscal adjustments such as:

- \$5M in departmental cuts
- \$2.6M in non-departmental decrements
- \$3.4M in organizational efficiencies
- 41 full-time equivalent(FTE) General Fund position reductions, as well as
- Implementation of a hiring freeze, travel freeze, and stringent expenditure controls

Decline in revenue growth rate Since FY07 the growth rate in General Fund revenues has experienced a distinct decline. Five revenue sources make up 78% of General Fund revenues:

- Utility transfer
- Property tax
- Utility tax
- State revenue sharing, and
- Half cent sales tax

The growth rates of these principal revenue sources have declined since FY07. A return to pre-FY07 growth rates is not foreseen in the near future.



Increased expenditure pressures No raises are budgeted in FY11, and 2% increases are included for FY12. But there are several other factors are driving expenditure side concerns in the General Fund:

- Due to investments losses over the past two years associated with financial market turmoil and a change in the return assumption rate in the General Pension Plan, pension costs in the General Fund are expected to rise by \$1.9M in FY11 and another \$750K in FY12.
- Fire Station 8 is coming online during FY11, which will require the hiring of 13 additional firefighters
- 12 COPS grant funded patrol positions will be picked up by the General Fund in FY11

Fiscal difficulties are not confined to the next two-year budget period. **It is imperative that we resize the organization to fit the revised financial outlook.**

Focus on strategic changes The recommended

	FY11 - FY15 NET DEFICITS				
	FY11 Budget	FY12 Plan	Forecast		
			FY13	FY14	FY15
Revenues	98,312,391	99,775,251	102,160,001	105,513,854	108,720,860
Expenditures	105,002,266	108,055,656	112,103,057	117,317,109	122,586,256
Net Deficit	(6,689,875)	(8,280,405)	(9,943,056)	(11,803,255)	(13,865,396)

budget includes a significant flattening of the organizational structure, which will result in a reduction in management positions in the following General Government departments:

- GPD
- Parks, Recreation & Cultural Affairs
- Budget & Finance
- Administrative Services
- General Services, and
- Planning & Development Services

Challenge fundamental underlying structural issues in long-term expenditure patterns Review defined benefit pension plans to determine:

- Does defined benefit model still make sense for the organization vs a defined contribution plan
- Are benefit levels appropriate
 - Multiplier
 - Cost of living increases
 - Components of final average earnings
- Are employee contribution levels appropriate
- Is 20 year normal retirement period still viable

City Manager recommendation consists of decrement package of \$8.3M in three Tiers to balance FY12 budget

	Personal Services						Fire Assessment Alternative
	Filled	Vacant	Total Positions #	Personal Services \$	Other Expenditures \$	Total \$	
Tier 1	8.00	22.35	30.35	2,928,600	667,387	3,595,987	3,794,550
Tier 2	2.50	6.6	9.10	743,868	146,000	889,868	
Tier 3	33.25	18	51.25	3,600,366	194,184	3,794,550	
Total	43.75	46.95	90.70	7,272,834	1,007,571	8,280,405	

Tier 1 decrements are those which are damaging to the organization but represent the least impact to core services. While not desirable, they represent the first level of reductions recommended. Tier 3 decrements reflect those reductions which represent the most significant impact to core services, and would be the last to be recommended for elimination.

Identifying \$8.3M in recurring decrements to balance FY12 budget will reduce future projected deficits to more manageable proportions

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Recurring Decrements	7,379,792	8,280,405	8,590,564	8,990,120	9,393,902
Remaining surplus (deficit)	689,917	-	(1,352,492)	(2,813,135)	(4,471,494)

The City Manager is also suggesting that the City Commission consider a revenue alternative through a fire assessment to offset a portion of these proposed decrements.

